

Gambling Control Board Meeting Minutes
September 16, 2009
45 Commerce Drive, Augusta, Maine

Meeting opened at 12:45 p.m..

Board members present: Chairman George McHale, Cushing Samp, Richard Arnold and Peter Danton

Excused members: Larry Hall on medical leave

Staff members present: Exec.Director Robert Welch, Auditor Scott Woods, Det. Don Armstrong and Secretary Kathy Chamberlain

Legal counsel: Lara Nomani, Ass't A.G.

Minutes from 8/12/2009 meeting

Motion to accept: Cushing moved to accept the minutes with the change on Pg 2 of her voting in exception and a 4-0 vote.

Seconded: Peter Danton with the changes made above

Vote: 4-0

Executive Director's Report – Robert Welch

Bangor P.D. Calls - 16 calls for August to the Facility, pretty minimal considering 152,000 people were through the facility that month. Seven of those calls were not connected to the gaming floor.

Aristocrat Technologies, Inc. and NRT renewal of licenses- The suitability background checks have been completed and both companies will be renewed for their September 2009 -2010 license. Bally Gaming Technologies is coming up in October.

Gambling Addiction Data – still being collected, so it will be reported on at the next meeting.

Promotional Credits Bill – passed as an emergency bill. Sen. Plowman sponsored it as emergency. Peter advised that he would like the Board to be notified, especially if an emergency bill is passed having to do with the Gambling facility/unit etc.

Financial Update – Scott Woods

Scott presented the board with the current financial statement of revenues etc at the Racino. \$6.14 million record play set on August 29th. The Hotel had 100% occupancy as did area hotels during the folk festival held that weekend.

State Police Activity Update – Det. Don Armstrong

Det. Armstrong investigated three Policy violations and submitted those to the Complaint Committee. Four thefts also reported – two people were charged and the report submitted to the DA's office for their consideration. One case was declined and one is ongoing.

Unfinished Business - None

New Business

Move any future Executive Sessions to the end of the meeting. The Complaint Committee did meet, but not ready to make any recommendations at this time on some incidents that had occurred at the Facility. The employees involved have all either been fired or terminated. How do we proceed now? No license in question. If it was a criminal action, it would go to Det. Armstrong and DA Almy. These complaints to the Committee are rule violations only. The Board does not therefore need to go any further. Future complaints, if the employee is gone – Mr. Welch can just report it to the Board and not have it on the Agenda. In addition, a summary of the complaints received should also be sent out, when the Agenda goes out.

Lara Nomani, Ass't A.G. is being reassigned to review unsolved homicide cases, due to a STOP grant that the AG's office received, that will allow them a much needed venue to look at cold cases. Bill Stokes, Deputy A.G. will be working with the profit and nonprofit gaming units.

Discussion on Promotional Credits

Promotional credits were not thought of when we were going to the monitoring system. The Board gave the authority to Mr. Welch on advertising and marketing promotions that the Racino wished to do. In June, some sample testing was done to see if the promotional credits could be dealt with through our process here and the monitoring system as well as the Racino reporting. Everything went well. Auditor Woods figured out where the promotional credits were and was able to extract them. The slot machines were set so they would be non-cash. The amount playable was set in \$5 increments. Mr. Welch thought he had the authority to approve these credits, letting the Racino move forward with them. Ms. Nomani brought up that the Board should have been the one to pass this. The passage of a new law made it a new category of advertising, therefore the Board had to approve going ahead, not under Mr. Welch's authority. George McHale and Cushing Samp advised they didn't think it was intentional on Mr. Welch's part, just a misunderstanding of the authority portion. Credits are electronically sent from the Player's Club computer to the slot machine, so they don't show up as "coin in."

The player puts their card in, signs in and the machine tells them how many credits they have left. This is monitored by a separate meter. The Credit is downloaded, but the person can't cash it out, the credit has to be used up. Winnings are taxable. Promotional credits are not taxable. Mr. Woods figures out the variance from each machine with the daily reports he receives. April 27th was the first testing on the promotional credits. In Mid-May, it was reported out. Having Mr. Woods check these manually is a violation of the statute, according to Ms. Nomani. Two issues at stake here: 1. Promotional credits should have been approved by the Board, which included a test period and the credits are checked manually and:

2. It should be monitored realtime.

Motion: by Cushing Samp to ratify providing the promotional credits by Hollywood Slots that are redeemable only until September 30th.

Seconded by Peter Danton

Vote: 4-0

Public Comments

Jon Johnson, general manager for Hollywood Slots addressed the board in reference to Promotional Credits. Promotional Credits are defined as a way HS put playable noncashable credits on a player's account. In the old days, it was a coupon. Two out of ten would cash it in and go home. Now they have to play the promotional credits before playing their own credit. Jon wrote the draft of the bill that was passed. It was meant to be part of their regular advertising and marketing, which is under Bob's authority. HS did this for reasons of not having regular revenue taxed. HS has come up with a proper accounting method, he reported. Auditor Woods is comfortable with it. It enables customers to come in more often, it increases the revenue and helps getting taxes paid. The customers are very happy with this new program. HS's intention was to make it a simple advertising issue. West Virginia does have a monitoring system. Delaware does also on promotional credits, but not sure about real time monitoring.

The Board was never provided the formal opportunity to vote on the Promotional Credits. Legislature should have been provided with a fiscal note with the emergency bill passage, but did not. Discussion to table this until the next meeting, until Mr. Welch gets the dollar amount on if we used a promotional meter (the cost of doing so), and have staff and legal counsel investigate thoroughly the possibility of continuing Promotional Credits in the statute language.

Could we submit new language to Legislature in January, to get this clarified?

Jon Johnson offered that if this cost \$5,000 or less, he would pay it. Hollywood Slots paid half of the costs when they moved to their permanent facility. Why should this be any different? He also offered to pay taxes on the credits in order to continue with them. But he asked first that the Board and Staff continue their efforts to see if the Promo Credits can continue.

Motion: Dick Arnold motioned to table this until the next board meeting. Promotional credits if treated as taxable and the Staff continue to look at this issue.

Seconded by Cushing Samp

Vote: 4-0.

Announcement: Jon Johnson has been transferred to Joliet, Ill – the 6th largest property of Penn National. He will be starting there October 1st. He thanked the Board for all their efforts and appreciated working with them. The Board also thanked him and wished him well in his new endeavor.

Next meeting is October 28, 2009

Adjournment at 2:45 p.m.

Respectfully submitted,

Kathy Chamberlain, secretary